

Media Release

For Immediate Release

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INDUSTRY WELCOMES FIRST HOME BUYERS INCREASE

The Government's announcement of increased government assistance to first home buyers has been welcomed by the Urban Development Institute of Australia (UDIA), the peak body for Australia's development sector.

"The development and home building industry is a very major employer and investor in Australia. This announcement represents an important economic stimulus in these uncertain times." said Stephen Holmes, National President of UDIA.

Combined with recent interest rate reductions, the Government's announcement will have a positive impact on housing affordability in Australia.

"This announcement will be of significant benefit to first home buyers who have found it increasingly difficult to purchase a home due to increased upfront charges and taxes on development, land supply constrictions, and high market prices. These factors have resulted in the relative value of the grant being diminished since it was first introduced."

UDIA notes that the scheme will be time limited. To help ensure the on-going sustainability of the residential sector, governments need develop mechanisms to remove some of the burden of funding infrastructure from home buyers.

In recent years there has been an increasing series of state taxes, charges and levies that have been added to the cost of land. These charges are generally passed directly onto home buyers through increased prices. The industry believes that these costs have now reached excessive levels and are contributing to a loss of affordability.

"The time lag in development approvals also adds to the cost of housing. UDIA believes there is a role for the Federal Government in assisting the States

to achieve more timely approvals for housing developments", Mr Holmes concluded.

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